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IN THE SOUTH

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
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The Occasional Papers of the Southern Forest Experiment Station present information on current southern forestry problems under investigation at the Station. In some cases, these contributions were first presented as addresses to a limited group of people, and as "occasional papers" they can reach a much wider audience. In other cases, they are summaries of investigations prepared especially to give a report of the progress made in a particular field of research. In any case, the statements herein contained should be considered subject to correction or modification as further data are obtained.

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Recent literature (7, 20, p. 870)^{2/} on the nonpayment of the property tax lists the South with the Lake States and the Pacific Northwest as the three regions of the nation suffering most severely from forest tax delinquency. The statement is valid, if by it the authors mean that a considerable percentage of the taxes currently levied on forest land become delinquent annually, and in some cases are never paid at all. While accurate data do not exist, there is evidence that possibly 22,000,000 acres of rural land (forest and non-forest) in the eight states from Georgia and Florida to eastern Oklahoma and Texas are now in default of tax payments for two or more years. This is 10 percent of the gross land area under consideration (228,033,000 acres).

Such a condition poses a problem in governmental finance, in land utilization, and, most important, in the economic stability and welfare of the citizens of the South. Unfortunately, however, there has been much loose thinking and writing concerning tax delinquency, the problems created by it, and their solution. No small part of this lack of clarity has been created by the confusion in terminology used in describing the varying conditions of "tax delinquency." Too often the general term has been used to describe any nonpayment of taxes from temporary delinquency of those currently due to complete forfeiture of title to the public. Hence any clear discussion of the subject must first define the terms used, and indicate the general tax collection procedure in use in several Southern States.^{3/}

I

The laws of each of these states require that the taxes levied by it or its political subdivisions be paid before a definite date. Taxes unpaid on that date are "delinquent." Tax delinquency begins, therefore, on some legally established date generally known as the "delinquency date" or "penalty date." In all of these states except Florida and Louisiana, provision is made for paying state and county taxes in two to four installments, and in general the delinquency date is the final due date of each installment. If taxes due are unpaid on this date, a penalty (a flat percentage of the taxes,

^{1/} Reprinted from The Southern Economic Journal. Vol. VI, No. 2, October, 1939.

^{2/} Figures in parentheses refer to list of literature cited at end of this paper.

^{3/} Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, eastern Oklahoma, eastern Texas.

of interest, or both) is charged the taxpayer (in Georgia and Florida no penalty or interest is applied). It is at once evident that there are two distinct types of delinquency, "short-term" and "long-term." The former has been defined as "that type of delinquency which exists when a tax has not been paid at the end of the legal collecting period, and becomes subject to a penalty." "Long-term" delinquency has been defined as "that type of delinquency which exists when taxes are due for two or more years and the taxpayer is in danger of losing his property" (12, p. 185) through foreclosure of the tax lien. Obviously, short-term delinquency may grow into long-term, but in many cases it is merely a temporary condition of not very serious import.

In the states here considered a "tax sale" is held from one to eight and one-half months after the due date of the last installment. At the tax sale, the tax lien is offered for sale to the highest bidder who must bid at least the amount of the taxes due, plus penalty and costs. If no such bid is received, the lien is held by the state (or county in Georgia and Oklahoma), subject to redemption by the original owner, his heirs, or assignees. If the tax lien is purchased by a private buyer, he also holds it subject to the original owner's right of redemption. This "redemption period" exists from one to three years from date of tax sale (Alabama, three years; Georgia and Louisiana, one year; other states, two years). In Alabama and Louisiana, however, the owner can redeem his property from the state (though not from private buyers) at any time prior to passing of title from the state by tax deed to a third party.

The ultimate step contemplated in the enforcement of tax collection is the final sale of the property to satisfy the debt. This takes place at the end of the redemption period, the process varying among the states and between private and public holders of the tax liens. At this time, the private holder of a tax lien can apply for a "tax deed" vesting him with perfect title (under certain conditions) to the property. Where the lien is held by the state or county, the law contemplates that certain steps will be taken to vest similar title in the governmental unit. Only in Florida and Texas, however, do these steps include a legal suit to foreclose the lien (and even in these states the suit is seldom entered). All that is required in Arkansas, Louisiana, and Mississippi, is that the proper county official certify to the state that the property has been delinquent for the length of the redemption period, that due notice has been given of its pending forfeiture, that it has not been redeemed, and is thereby forfeited to the state in "fee simple forever." In Oklahoma, if the property has not been redeemed by April of the third year following tax sale, it is offered to the highest bidder at a resale and if not then sold, it is deeded in fee to the county. In Alabama, forfeiture to the state is ipso facto, i.e., no special procedure is required. In Georgia, the county may assume title after due notice to the owner.

Property so vested is said to be "forfeited to public ownership," "reverted," "certified," or "adjudicated." Tax-forfeited land held by the state or county is subject to sale by it to any applicant except the original owner, his heirs, or assignees; in Mississippi, however, the original owner can purchase his own property. Alabama, Arkansas, Mississippi, and Texas have provisions in their statutes for the setting aside and administering of suitable tax-forfeited land held by the state as State Forests. It is obviously the land vested finally in public ownership—"reverted" land—that

constitutes the greatest problem. It is this land that is sometimes referred to as "new public domain" and which, when covering large areas, creates a burden on government and non-delinquent taxpayers alike.

This discussion of the provisions for tax collection enforcement has necessarily omitted many local details, and as will be pointed out later, practice is usually widely divorced from the laws here summarized. Indeed, such failure to follow the law is one of the chief causes of the growth of long-term tax delinquency in these states, a growth which has reached alarming proportions.

II

The safest statement which can be made relative to the area of any state or region which is "tax-delinquent," or "in public ownership for non-payment of taxes" is: "No one knows." The difficulty of obtaining any accurate data is compounded of the nature of the phenomenon itself, the lack of adequately kept public records, the confusion in terminology, and the rapidity of change in the status of such areas. In many estimates from all sources, however, short-term and long-term delinquency have been confused and added together to give highly alarming pictures of tens of millions of acres of rural land "forfeited to public ownership," when actually the area so forfeited in a legally indefeasible title was very much less.

Tax delinquency, which is one of the least static of fiscal conditions, varies not only from day to day with the flow of land into and out of a delinquent status, but much more with the seasonal relation of the time of taking data to the delinquency date, the foreclosure date, and other administrative periods. None of these eight states keeps an accurate and up-to-date record of the area held by it through tax-forfeiture, and even local county records are rarely accurate and current. Reasonably accurate data, as of given dates, are available for a few states, notably Mississippi (January 1, 1936) (15) and Arkansas (January 1, 1934) (3) and, slightly less accurate, for Louisiana (November 1, 1934) (unpublished data). Data are available for Florida only as to the area covered by all outstanding tax certificates, i.e., for lands involved in both short-term and long-term delinquency, as of January 1, 1934 (21). In other states, approximations of all land involved in any delinquency are available but not authenticated, and in certain scattered counties accurate data are available on land actually forfeited to public title or legally eligible for such forfeiture. Based on all these admittedly incomplete and not always comparable data, it is estimated that in the eight states here considered the area as of date delinquent beyond the legally established redemption period and therefore subject to final forfeiture to public title (whether or not this final step has been taken) may be in the vicinity of 22,000,000 acres. No accurate figures can be given for the individual states, but, on the basis noted above, the rank of the states, in decreasing order of area delinquent, appears to be as follows: Florida, Georgia, Louisiana, Arkansas, eastern Oklahoma, eastern Texas, Mississippi, and Alabama.

It must be realized, however, that if there are 22,000,000 acres in the tax status just described, it does not follow that this area is fully vested in public ownership with a clear and sound title. Indeed, it may be

questioned whether any but a small fraction of this vast area is so vested. The titles to most of the properties included in this tax-delinquent "no-man's-land" are "suspended somewhere between the original owners and the Government, neither the former nor the latter having valid title" (1).

It is as true in the South as elsewhere in the nation that forest land comprises more than half of this tax-forfeited area. The greater susceptibility of forest land to delinquency has been noted in all parts of the country by Zon (22), Sparhawk (18), and others, and in the South the writer has found it true in several states (9, 10, 11). No accurate data exist except for scattered counties, but it is safe to assume that, of the 22,000,000 acres noted above, between 13,000,000 and 15,000,000 acres are forest land. The reasons for the larger percentage of forest land than of agricultural land involved in long-term delinquency will be discussed in the next section.

III

It will be obvious that the immediate causes of individual failure to pay taxes when due are many and varied. There are, however, certain broad groups of causal factors common to the situation in all of the states here considered and in many other parts of the country. It should be realized, also, that the causes of short-term and of long-term delinquency may not be the same. It is true that short-term delinquency may become long-term because (a) once the process is started, the taxpayer finds it harder to get back on his feet and often fails to do so, and (b) public officials find it harder to collect back taxes than current ones. It is evident, however, that long-term delinquency has its roots in more fundamental and deep-seated causes, many of which operate regardless of the use of the land and cause delinquency of crop and forest land alike. First, however, let us consider the causes of short-term default.

There is a remarkable unanimity of opinion among investigators of tax delinquency in respect to the principal cause of short-term delinquency. Fairchild and his associates of the Forest Taxation Inquiry of the United States Forest Service state: "The evidence is fairly conclusive that much short-term delinquency is due to a faulty collection practice" (12, p. 189). The National Tax Association's Committee on Tax Delinquency makes an identical statement (17). Coming to the South, Willis found in Florida that "the numerous and continuing attempts to favor delinquent taxpayers . . . have encouraged nonpayment of taxes" (21, p. 117). Fullilove in Georgia (13), Gabbard in Texas (14), Henderson in Mississippi (15), Brannen in Arkansas (3), and the writer in several states (7, 8), all came to the same conclusion. The "faulty collection practice" referred to may be in the law itself: a penalty for delinquency too light or too severe or none at all, lack of relation between the collection date and the period of income of taxpayers, local authority for waiving or rebating of penalties and interest—all tending to encourage delay in payment or outright evasion. More often, however, it is in failure on the part of county officials properly to enforce the law. "The laxity of enforcement is largely a product of a system of popularly elected collectors" (17). Such failures in the law or its administration or both are obviously "grossly unfair to those who pay their taxes promptly and without coercion, and are of doubtful benefit to those they pretend to help" (12, p. 189).

Certainly since 1930, another major cause of short-term default has been the depression. Failure of markets for the products of crop, pasture, and forest land, declining prices, tightening of credit facilities, all contributed to the inability of landowners to get sufficient income to meet their obligations. The tax collector frequently was the first to be put off when the pinch of hard times came. This fact is amply proved by data on trends in current tax delinquency from 1928 to 1933 (19), which show the rapid increase in short-term default following 1930. Later scattered data indicate that following the business upturn in 1936, rural delinquency decreased rather sharply from the depression peak.

While faulty collection practices also contribute, sometimes materially, to long-term delinquency, there are generally deeper and more fundamental causes of this more serious phase of tax default. Here again a large degree of uniformity of opinion as to the causes is found among investigators. The Forest Taxation Inquiry states: "The chief cause of long-term tax delinquency is overassessment. A property owner will rarely find it necessary to surrender title to his property unless the taxes threaten to absorb all or a major part of the expected future income therefrom. . . .The tax on a particular piece of property is not likely to be confiscatory unless the property is assessed at more than its true value" (12, p. 189). The National Tax Association finds that, among the four factors involved in "the full solution of the problem of tax delinquency," the first is "such revision of the whole tax system as is necessary to harmonize benefit and ability as bases of taxation, with each measure of ability given its proper weight" (17). In Florida, Willis lists "incorrect assessment" as one of the three principal causes of extensive tax delinquency (21). Gabbard found in Texas: "Faulty assessment, resulting specifically in disparity of assessment, overassessment, and failure to assess, is one of the primary causes of delinquency" (14).

There can be no doubt of the fact of overassessment of forest land in the South. Whether or not the original owners sinned against society in following clear-cutting practices in the exploitation of their forest properties, the fact remains that the cut-over land is generally grossly overassessed in relation to crop land or mineral land in the same counties, as is evidenced by the relative assessment ratios and tax ratios. This is one, if not the chief, reason why forest land forms such a high percentage of the total tax-forfeited area of the South.

Another cause of long-term delinquency—a possible corollary of overassessment, since it frequently results in such disparity—is the decline in property values. In the South there is abundant confirmatory evidence to be found in Florida, in Oklahoma, and in other states. The collapse of the 1924-26 real estate "boom" in Florida left thousands of acres with rapidly shrinking values and diminishing prospects of future income, but saddled with debt-service taxes, which, on the inflated values, were possibly within reason but which, on the declining values in the aftermath of the boom, were plainly confiscatory. Hence arose, in large measure, Florida's vast area of long-term delinquent land, now indeed a "no-man's-land" with the titles suspended amid a conflict of the thinnest of claims. The writer, in a recent investigation in certain Oklahoma counties, particularly those suffering from the after-effects of a recent oil boom, found a similar relation between declining values and increasing delinquency (10).

A third cause of long-term default is the increasing portion of property income required for taxes. The need for increased revenue to finance the constantly expanding services demanded of government has resulted in increased assessments or, more frequently, higher tax rates, and hence in higher tax ratios—the relation of the taxes levied on property to the net income from it, before tax payment. This has been an important cause of delinquency in parts of the South, especially of cut-over forest land. In parts of west Louisiana, throughout Florida (although in this state special assessments as well as assessments for ordinary governmental operation are involved), and in certain counties of other states, tax rates have risen to such heights that when applied to the existing assessments the resulting taxes have plainly threatened the possibility of any future returns from the ownership of property (6).

Still another cause of delinquency leading to loss of title is the levying of an intolerable burden of special improvement-district taxes. The levee and drainage districts of the great Mississippi River Delta in Arkansas, Mississippi, and Louisiana, and the special drainage and other districts in Florida, are eloquent witnesses to the futility of saddling excessive bonded debt on rural or urban land. A recent study in the Yazoo Delta in Mississippi showed clearly that these special improvement-district taxes were the primary cause of tax default in this area (9).

These are the fundamental and deep-seated causes of long-term delinquency. There are, of course, other causes that stem in part from those just discussed. These include improper or unwise land utilization, overexploitation of natural resources, especially of the timber resource (not infrequently caused, however, by overassessment or excessive taxation of the original stand or of the land on which it stood), and, of course, personal and individual causes such as death of the owner, unexpected heavy expenditures for personal or family requirements, and unwise investments. Underlying these economic and personal causes, and closely related to the governmental ones, is the low level of the purchasing power of the predominantly agrarian South, which is reflected in the present inability of the region to consume directly, or to export to advantage, all the products the land can produce. This inability, in turn, results in a pressure, not of population on land, but of land on population, and may contribute materially to tax delinquency. All of these causes—statutory, administrative, economic, and personal—have been made more effective, of course, by the recent depression, which has narrowed the gap between income from property and the taxes required for the increased needs of government.

IV

The problems created by excessive delinquency, especially by long-term delinquency, may also be divided into three categories—governmental, economic, and sociological. All the effects, in whatever category, are so closely interrelated that overcoming them in only one of these groups without solving the problems in the other two will be of little permanent value.

It has been pointed out by many investigators that "tax default nurtures further default" (18). This is one of the most serious effects of the nonpayment of taxes, since it not only perpetuates the process but also increases the rapidity with which it grows.

The decline in the local tax base caused by removal from the tax roll of the assessed values of delinquent property—and hence decreased tax revenue—confronts government officials with four unpopular alternatives: (1) to increase the assessment or the tax rate or both; (2) to curtail public services to the citizens; (3) to depend on state subsidy; or (4) to consolidate into larger units. Resort to the first alternative may actually result in further decrease in revenue by engendering further delinquency. Resort to the second may mean political reprisals at the next election, since political history is replete with evidence of the unpopularity of taking away from citizens the public largess to which they have become accustomed. It can be done, however, and often is the only way out. Adoption of the third alternative is impractical, since it is generally admitted that the state should not subsidize indefinitely a county with an inadequate or unsound economic basis. The fourth alternative, while highly desirable, is the most difficult of all to adopt successfully. Local pressure against county consolidation, thereby threatening not only the "jobs" at the county courthouse but quite possibly the chief source of income for local merchants and hostelries at the abandoned county-seat, is a potent obstacle to this solution.

This dilemma of declining tax base and tax revenues is particularly difficult for the smaller units of local government, especially for school and road districts, many of which have outstanding bond obligations that must be paid if credit is to be maintained.

Still another effect in the governmental field is the engendering in public officials of continued or increased laxity in enforcing collection. They quite obviously tend toward leniency or outright negligence in the collection of delinquent taxes when they find it difficult to collect those currently due. This in turn leads what may have been short-term delinquency into a status of forfeiture and loss of title, thereby intensifying the difficulties of solution for both the government and the remaining nondelinquent taxpayers. If this process is carried forward without relief from the difficulties it breeds, the inevitable ultimate result is local government bankruptcy.

Even though bankruptcy is long delayed or even averted, there are economic effects of excessive delinquency no less disturbing than the effects on government. One of the first of these—even of short-term default—is increasing neglect of a property by its owner. Fearing that he may shortly lose title to it, he is unwilling—or financially unable if he is to save enough cash to pay his taxes—to spend the money required to keep up the fences, paint his house, protect his woodland from fire, or improve his crop land. During such times also, he lends a willing ear to the operator of the nearest portable sawmill, who offers him a "rock-bottom" and "lump-sum" price for his timber on the stump and then cuts it clean, often paying the owner only a fraction of the actual worth of his timber. Such neglect and forced liquidation of property leads very frequently to loss of all income-producing capacity in the property, to ultimate loss of title, and to a condition vividly described by Zon as applicable to reverted land in the Lake States: "This land now comes back into public ownership stripped of its valuable timber, ravished by repeated forest fires, depleted of its fertility, and often disfigured by gullies due to erosion. . . . It is not welcomed either by the State or county and is poorly protected against fire and trespass. . . . Like an abandoned child, it is left on the steps of the county courthouses or state

capitols to be disposed of in the best way possible" (22). While such a description may paint too black a picture to be true of all reverted forest land, there is abundant evidence that the difference between such land in the Lake States and its counterpart in the South is one of degree rather than of kind. Indeed, there are areas in the South where even the difference in degree is negligible. Much the same statement could be made in respect to reverted crop and pasture land, particularly as to erosion damage.

Declining private income from property, increasing tax costs on the nondelinquent land or, in lieu thereof, decreased public services to remaining taxpayers, increasing land abandonment—all stemming from chronic tax delinquency—lead inevitably to lowered standards of living, to more and more shifts from owner-operation to tenancy, to greater and greater public "relief loads." The ultimate picture is well painted by Sparhawk: "Carried far enough, this process discourages or even renders impossible the occupation and profitable use of the remaining privately-owned land in the locality. In extreme cases, whole sections of counties or states may then be virtually depopulated. If any people remain, they constitute pauper communities which look to the State or federal government for funds with which to carry on the ordinary functions of government" (18).

The areas in the South which are seriously involved in social deterioration arising through long-term tax delinquency are fortunately few, but they can be found in greater or less degree in nearly every state of this region in which such tax delinquency involves any considerable area. What, then, are the steps toward a solution of this whole problem?

V

There can be no doubt that too much effort has been spent in the past in evolving methods of handling and using lands which have already reverted to public ownership in comparison with the effort made to prevent, or decrease the volume of, future delinquency and reversion. It will serve public and private interests little to evolve complicated machinery for determining the best use, ownership, and administration of reverted lands when the volume of the annual flow of private property into public title under existing conditions exceeds by far the area which the public can afford to handle and use. Nevertheless, much of the literature on this problem is concerned more with what to do about it after it has arisen than with means of alleviating its causes. Since the chief causes of both short-term and long-term delinquency lie in the field of governmental organization and administration, it is obvious that the first attack on the problem, whether relating to crop land or forest land, must be on that front.

The previous discussion of the causes of delinquency has necessarily hinted at some of the steps toward preventing or decreasing this process, and a full discussion of the steps required to solve all the problems involved in these lapses in governmental perfection is far beyond the scope of this paper, but they may be summarized as follows: (1) improvement in the whole assessment system and practice to relate benefits received by, and tax-paying ability of, property to its assessment; (2) improvement in supervising by the state of local finances, and in relating the extent of local governmental services to the local tax base, present and potential; (3) prompt, impartial, and equitable enforcement of properly drawn and reasonable tax laws; and (4) such changes in the organization of political units and in the

distribution of functions as are calculated to insure the greatest efficiency (2). When these steps have been taken, much of the problem of delinquency will have been solved, because the causes mentioned above will have been largely eradicated.

It is obvious that this, the most important step toward a solution, is chiefly the responsibility of the state and local governments, with such aid and advice as may be required from federal agencies or private sources. More directly and ultimately, perhaps, it is the responsibility of the taxpayers themselves in the exercise of their citizenship in the state.

There are also, as has been shown, economic and personal causes of long-term delinquency—unwise land utilization, overexploitation of natural resources, private inefficiency in management and administration of property. To solve these problems the government and its citizens must also work together. The areas of land utilized unwisely should be found by studies of soil potentialities, economic demand for products, and margins of costs and returns, and the results should be made available to all citizens. Owners of timberland or other renewable natural resources should be protected against confiscatory taxation of their property in order to make it possible for them to exploit the resource permanently and profitably; they should be aided by such extension services as will show them how to administer their properties to this end; and they should themselves recognize the obligations imposed by the private ownership of resources in which all the people have a "vested" interest.

An important aid in the solution of the problems involved in the economic causes of delinquency is the development of a sound but flexible, state-wide but detailed, plan of land-use. To this end the State Planning Boards of several of the Gulf States are now working. It is no easy task, and if it is to be effective the plan must have great flexibility. It must be administered with the stress on popular education to its provisions, but nevertheless it must have teeth for use in case of necessity. Rural zoning is advisable only on the basis of some such state or local plan of land-use, but such a plan is not a cure-all for delinquency; rather is it a guide to sound utilization of the soil and its resources.

Finally, there are personal responsibilities, other than those enumerated above, involved in any alleviation or prevention of further delinquency. Not the least of these is the recognition that private ownership of property imposes duties as well as grants privileges. Allen states: "In view of the relationship between private property and government, it is obvious that the property owner is liable for the payment of lawful taxes. Property, unless specifically exempted, is owned subject to the payment of taxes. Government could not survive and perform its functions if this were not true" (1). It has also been well said that "Good government is costly government" (16), by which the author meant that government cannot be operated efficiently along modern lines with only "shoestring" revenues such as are available to many local governments today, particularly to those in the rural South.

Thus far we have discussed the first, and most important, part of the solution of tax delinquency—its prevention. There still remains the problem of disposing to the best advantage the area already in, or about to revert to, public ownership through tax default. There are two schools of thought in respect to its solution. It is recognized by all, however, that the first

problem is one involving a judicial clarification of tax titles now "suspended somewhere between the original owners and the government." Obviously, neither government nor a private person can afford to incur expenses for administering and developing property to which, at best, it or he has but a shadow of title. Even a supposedly bona fide tax deed frequently conveys little better than a clouded title. Hence means must be found to vest a clear title either in the original owner of such property or in the purchaser of the tax lien (whether government or private person). This is an extremely difficult task. In cases where such delinquency resulted from gross overassessment, it may be necessary to revise the tax debt by lowering the original assessment to an equitable figure and recomputing the taxes. Installment payment of delinquent taxes may be provided (already possible in Louisiana, by paying 10 annual installments with interest at 6 percent). Possibly, penalties on such delinquency (in the "suspended title" status) could be waived if all back taxes and interest were paid up promptly, or if a binding agreement for installment payment were made. On all properties on which the original owners refused or neglected to adopt any such compromise and which were not clearly vested in private purchasers of the tax liens, the state or county should promptly and permanently foreclose its lien and vest perfect title in itself, by a suit entered in a court of competent jurisdiction.

Having now established the land which cannot be restored to the original owners, and to which government has a perfect title, the next step should be use classification. State and local experts in land classification and land values in each county should appraise this land, and classify it as to its potentialities for profitable private or public use. Land classified as best adapted to private ownership and use should then be offered for sale at the appraised value set by the local-state agency. Possibly the state should demand, as a guarantee against further unwise use or overexploitation, some modicum of control over the immediate operation of the property; it should always do so if the purchaser buys it on an installment basis. Land adjudged best suited for public use should be held by the government, and its administration and development assigned to that division or agency having statutory jurisdiction over the particular use to which the property is to be put.

Such a plan is believed best suited to our democratic American pattern, although there are advocates of much more stringent action on the part of government. Thus Sparhawk, possibly basing his opinion on the type of denuded and reverted forest land referred to by Zon in the Lake States, says: "Certain conclusions are inescapably drawn from the public-domain studies so far made Forest land now in public ownership [through tax-forfeiture] should be retained in such ownership and administered in the public interest" (18). Zon himself, seven years earlier, had declared: "The State will have to come to a comprehensive program of reforestation and recreational development of this newly acquired Public Domain No other solution seems in sight at present" (22).

On the other hand, there are advocates of a strictly private handling of reverted forest lands, or an attitude of complete laissez-faire in regard to them. Bunker states: "In considering the tax burden as the cause of forfeiture of lands to the State, it is well to observe that the losses to the Commonwealth through unprofitable attempts to operate these areas as [State] forests may easily exceed the lack of tax revenue, especially in view of the fact that the apparent deficit in taxes is largely compensated for by the increased burden placed on other property" (4).

The solution first suggested seeks to follow a middle course between the extremities of complete public control on the one side and private or no control on the other, "on the basis that, as in all other important problems of society, there is a normal balance between public and private activities, between personal profit and common good, and that only by maintaining this equilibrium can the highest good be secured" (5).

VI

Various agencies of the federal government also have an interest in the solution of this problem. Space does not permit a discussion of the relation of all these agencies to such solution, but since more forest land is involved in delinquency than land in other uses, the United States Forest Service has a keen interest, and hence a particular responsibility, in solving this problem. This responsibility it seeks to discharge in several ways.

Obviously, the Forest Service can never do more than advise in connection with the overhauling, reorganizing, and increasing of efficiency of local or state governments. Through its Divisions of Research and of State and Private Forestry, it aids such governments, at their request, in devising means and methods for the more equitable assessment and taxation of forest land and timber. This may well be an important part of the requisite improved administration of taxation, since forest land forms so large a portion of the delinquent area. In such assistance, the Forest Service frequently points out specific changes in organization and administration of the government which will lead to an improvement of the whole technique of tax administration.

Since overexploitation of timber resources is one important "economic" cause of tax delinquency, the Forest Service contributes materially to a solution of this particular problem through its research into profitable methods of permanent operation of timber stands, and through its extension service to timber owners, bringing them the results of its research and of its experience as administrator of the National Forests. This contribution is perhaps the greatest one the Service can make to the solution of tax delinquency of forest land.

In the administration of delinquent forest lands and of abandoned farm lands, the Forest Service also plays a part through the acquisition, with local consent, of large areas of such lands as National Forests. A considerable part of the recent national forest acquisition in the South has been of this type, thereby assuring not only the protection and building up of these lands but also the paying up of all the delinquent taxes on such lands not fully reverted in fee to the state, i.e., those temporarily delinquent or forfeited. Furthermore, the federal government returns to the counties 25 percent of the annual gross proceeds from operation of the forest, and carries some of the costs of roads, fire protection, and similar items previously borne by the local governments.

Another contribution toward development and use of forest lands in which the Forest Service can aid the state governments is the acquisition of such lands under the terms of the Fulmer Act (Public No. 395, 74th Congress), whenever this act is implemented by the appropriation authorized in it. This act contemplates that federal funds will be made available for purchase of suitable forest lands, that the areas so acquired will be turned back to the

states as State Forests, and that the states will reimburse the federal government for such financial assistance, without interest, out of the proceeds from these State Forests. The Forest Service is prepared to assist the states in bringing their statutes into conformity with the requirements of the Fulmer Act (Alabama, Arkansas, Mississippi, and Texas are the only Gulf States that have statutes fully complying with this act^{4/}) and in making surveys of the extent and character of tax delinquency. It is also prepared to assist them in the actual location and establishment of "Fulmer Act Forests" as soon as Congress makes available the requisite appropriation.

In one other field—and a most important one—the Forest Service also contributes to better forest protection and management, and hence to a decrease in forest-land delinquency. This contribution is through the provisions of the Clarke-McNary Law of 1924, as amended, whereby federal funds are made available, when matched by state and private funds, for the establishment of fire protection units on private lands; the average private contribution is 2 to 5 cents per acre per year. Another provision of this law authorizes the studies now carried on by the Forest Taxation Inquiry, previously referred to.

Thus in many ways the United States Forest Service is contributing to a solution of the problems of forest-land tax delinquency, and stands ready to continue its efforts and assistance in this work within the limits of its available funds. The Division of Research maintains its headquarters for the eight states here considered at the Southern Forest Experiment Station in New Orleans, whereas the administrative branch has its headquarters for the eleven states of the Southern Region under the Regional Forester, at Atlanta.

The evidence presented in this paper indicates both the size and the seriousness of the problem of forest-land tax delinquency in the South. It is believed, however, that the problem can be solved by the federal, state, and local governments in cooperation with the forest land owners and the forest products industries. Such efforts are already under way in several states, but need to be amplified and extended in order that all lands suitable for private development may continue in such use, while other lands may be devoted to those public uses for which they are best adapted.

In conclusion, it needs again to be emphasized, however, that "Tax delinquency which advances to the point where titles are surrendered on a large scale is prima facie evidence of serious economic or political maladjustments, and there can be no adequate solution of the problem apart from important—perhaps drastic—changes in the organization and financing of local government" (12, p. 197). Only so can long-term delinquency be decreased. All other steps are merely temporary palliatives, not permanent cures.

^{4/} Information supplied by Regional Forester, Region 8, U. S. Forest Service, Atlanta, Georgia, January, 1939.

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Note: Assistance in the preparation of these materials was furnished by the personnel of Work Projects Administration Official Project 65-2-64-74.